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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2369

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INTERNATIONAL MONETARY SYSTEM OF CEMA MEMBERS DISCUSSED

Prague HOSPODARSKE NOVINY in Czech 29 Oct 82 pp 4-5

[Article by Kvetoslav Malek, deputy director of Agromas, interstate economic organization of CEMA member states with headquarters in Budapest: "Suggestions Born From Practice"]

[Text] The article by Eng Petr Spacek, CSc, published under the title: "Problems and Prospects of the CEMA Monetary System" in HOSPODARSKE NOVINY No 22 is, in my opinion, also very topical for economic practice. It should, therefore, not escape the attention of all those who, particularly in the processing industries, deal with the issues of development of international production specialization and cooperation. The possibilities of their contribution, including international specialization and cooperation in basic research, are still not effectively utilized for the development of the Czechoslovak national economy and of the economy of the entire CEMA community.

The most frequent stimulus for specialization and cooperation among the CEMA states is usually the tendency by the production sphere -- largely under the pressure of central authorities -- to increase production in physical units or to "get rid of" production which for some reason is not attractive enough for the production organization involved. Since the intrastate regulations or central agencies do not permit discontinuance of a specific product before the domestic market is supplied with another product of identical or similar use value, the production sphere try to "sell" such a program to somebody else.

Common Economic Basis

Within international cooperation, the implementation of the specialization and cooperation programs in the CSSR can be described schematically as follows: production organizations negotiate the technical aspects of specialization, foreign-trade organizations of the particpating countries reach agreement on prices (in multilateral specialization contracts, multilateral prices are usually not discussed because, with a few exceptions, the prices bilaterally agreed upon usually apply even in trade among CEMA states) and production organizations then submit a specialization proposal -- usually in the form of a contract -- for approval. Part of the request for approval is the economic analysis, which must prove the effectiveness of the project for the Czechoslovak national economy.

A similar procedure is followed by most of the other CEMA states. It is here that the first stumbling block is often encountered. After converting the agreed upon foreign (contract) prices in transferable rubles into domestic prices in accordance with the effective economic regulations of individual states, it frequently turns out that the new domestic price would exceed the existing wholesale price. The future specialized producer will frequently earn a bigger profit, particularly from exports, from the same specialization project. This is due to the fact that the contract prices in trade among the CEMA states are derived from the prices prevailing on the key capitalist markets -- from so-called world prices.

For this reason, contract prices even among the CEMA states have had a rising tendency particularly in recent years and their increase after their conversion into domestic prices has exceeded the increase in domestic wholesale prices in most CEMA states. Contract prices set according to the principles agreed upon to some extent reflect -- whether we want it or not -- the inflationary price increases on the capitalist markets. The distinction, of course, must always be made between inflationary tendencies and price changes of a permanent nature, such as relative changes in the prices of raw materials and finished products. These price relations are also greatly affected by the fact that the foreign (contract) prices are calculated at exchange rates which are different from those which are used for the domestic prices in the economy of individual partner countries.

After a specialization contract has been signed, the specialized foreign producer frequently acquires a monopoly, or at least key position, in relation to the foreign customer. In contrast to domestic supplier-customer relations, the state cannot intervene in the relations between suppliers and customers. At the present time, there are intrastate links between domestic and foreign (export and import) prices, but no international links between these prices, while the production sphere and foreign-trade enterprises are interested in the maximum prices. It then happens in exports that the specialized producer after a while tries to take advantage of his position and raises his foreign (contract) prices as high as possible. This -- combined with the resulting problems -- can eventually induce the customer to terminate the specialization contract and to start the manufacture of the respective product in its own country.

This -- in a simplified version -- is one of the reasons why considerable problems arise in the specialization process among the CEMA states. According to my experience, their cause does not lie in the unwillingness of responsible economic workers or in restraints of a legislative nature, although the procedures in these areas and particularly in the ratification proceedings can be much improved.

The crux of the problem, in my opinion, lies particularly in the fact that specialization and cooperation among the CEMA states -- although it is a partial manifestation of socialist economic integration -- are not carried out on a common economic basis, rather every partner approaches this integration process independently and judges its economic advantages exclusively from his own standpoint. Only some technical aspects are discussed jointly, such as scope of deliveries or technical parameters and quality of specialized products.

In the course of the entire specialization and cooperation process, however, no joint discussions are held on comparative production cost, wholesale prices in the participating countries, or on the amount of labor involved in the manufacture of products, technological production level and similar technical aspects which directly affect the production cost. Yet, this is cooperation among states with planned national economy and it is generally recognized that the economic development of the entire socialist community is the best guarantee of the continuing economic development of each and all member states of the CEMA community. The methods currently used, however, frequently are not in full harmony with this principle. On the basis of my own experience, I want to draw attention to at least some of those which I regard as the most important.

Tools for Objective Comparison

Economic practice has not yet applied (some of them have not even been developed) economic tools which make it possible to compare, mutually and more or less objectively, the level of production cost and/or wholesale prices expressed in the national currencies of partner countries. Yet, an agreement was signed as early as October 1973 on the introduction of mutually agreed-upon exchange rates or coefficients between national currencies and collective currency (transferable ruble) as well as among the national currencies themselves.

Many workers had expected that the agreed-upon exchange rates or coefficients would find -- to use the words of Eng P. Spacek -- "a wider application in the sphere of international production specialization and cooperation, in setting up and operations of joint undertakings, international economic organizations, research institutes, design offices and so on," but their expectations did not materialize. The exchange rates listed in the agreement are used only exceptionally in international economic practice. Most of the specific instances in which the agreed-upon exchange rates were or are used were listed in the article by Eng P. Spacek. Also the fact that the exchange rates specified in the agreement only come close to [but do not coincide with] the exchange rates used in the domestic economic practice of some countries (see the above article in HOSPODARSKE NOVINY) does not create conditions for the general application of this agreement (or rather of exchange rates between individual currencies) in the process of international production specialization and cooperation.

Contract Price Setting

Economic comparisons of specialization or other integration projects by means of exchange rates listed in the above-mentioned agreement are of no practical value in most instances at the present time. Regardless of the result of such mutual comparison, it does not have any effect either on the prices of specialized products delivered or on the course of the specialization project under discussion. Like all other prices of mutually delivered goods among the CEMA states, the prices of specialized products delivered are independent of the economic development within individual states. As I have already pointed out above, they are derived from so-called world prices. In practice, foreign-trade enterprises sometimes use instead the prices billed for similar products usually by capitalist firms or their bids for similar products, while taking into account their technical parameters. Moreover, a view often prevails in practice, that production costs and wholesale prices are an internal affair of individual states and cannot be disclosed much less discussed in international negotiations.

In connection with the intensifying production specialization and cooperation and other integration processes among the CEMA states, it would perhaps be worthwhile to seriously reconsider the method of setting foreign (contract) prices among the CEMA states as is also called for by the Comprehensive Program of Socialist Economic Integration. The above facts make one think in this context whether in trade among the CEMA states the foreign (contract) prices should not be derived from domestic wholesale prices on the basis of exchange rates listed in the above agreement (of course, actual exchange rates in the given period corresponding to the exchange rates used in domstic economic practice). Afterall, the wholesale prices of some products in several states are even now obviously below world prices. In order to prevent ineffective production within the CEMA community, the world prices set in accordance with the CEMA principles on the basis of a thorough analysis and not simply on the basis of invoices or bids by the capitalist firms to the foriegn-trade enterprises should be regarded as the maximum prices in foreign trade among the CEMA states. After all, it is a well-known fact that capitalist manufacturers have a tendency to sell us their products at higher prices than to other big customers -- if possible at consumer prices. In those sectors, where the capitalist markets employ a trading margin, the markup may be as high as 50 percent.

Moreover, the CEMA states, within the coordination of their economic policies, in approving wholesale prices for their production enterprises could establish the principle that wholesale prices must not exceed world prices. If they would uncompromisingly adhere to this principle (upon the introduction of this practice, in instances when the present wholesale price exceeds the world price, exemptions could be granted for a period specified in advance), considerable and concentrated economic pressure would be exerted both by the home state and socialist market on the production sphere in all CEMA states. The production sphere would be forced to use initiative in exploring all possibilities including international specialization and cooperation. This will make room at the same time for the initiative of many enterprise collectives in their search for all possible ways of reducing production costs, and the attitude of the production sphere toward specialization and cooperation with the CEMA states would qualitatively change.

I want to mention only one example. In view of the huge internal market of the CEMA states, it is not our objective to organize a closed economy encompassing the socialist community alone. We must also be interested in big exports to countries which are not members of our community in order to acquire funds for financing our imports. The need of all products is thus big. For this reason, favorable economic conditions (from the standpoint of production cost and distribution cost) in regard to the overwhelming majority of products will obviously exist for more than one producer in the CEMA community. The comparative internal and world prices of these products would thus create broad conditions for socialist competition of production organizations in various states of the community -- not only as to the technical standards of products, but also, for example, in the minimization of production costs and expenditures of technological development. In other words, the principles of socialist competition among the collectives within an enterprise could also be applied to the socialist competition among the specialized enterprises in different CEMA states.

Real Value of the Transferable Ruble

The possibility of the uniform conversion of so-called world prices into the transferable ruble as well as proper functioning of the CEMA monetary system call for the joint determination of the real value of the transferable ruble and thus also for the coordination of exchange rates of national currencies to the currencies of states which are not members of CEMA. In their domestic economic practice and particularly in the production sphere, however, individual CEMA states have fixed the exchange rate between their own currencies and currencies of states which are not members of CEMA exclusively according to their own criteria. If we convert the present prices in the currencies of states which are not members of CEMA (world prices) into the national currency of some CEMA member state on the basis of the exchange rate determined by this state between its own currency and currencies of nonmember states, and convert the value in the national currency thus arrived at into transferable rubles (either in the basis of exchange rates listed in the 1973 agreement or on the basis of exchange rates between the national currency in question and the transferable ruble), in each state we arrive at a different amount in transferable rubles. In other words, in economic practice every state uses a different rate of exchange between the transferable ruble and currencies of states which are not members of CEMA. This situation makes it impossible to uniformly convert the prices in the currencies of nonmember states into the transferable ruble. In independent computations, every partner arrives at a different result.

It has frequently been pointed out so far that the conversion of national currencies into the currencies of states which are not members of CEMA is an internal affair of every single state. If all of us recognize the transferable ruble as the common currency unit, then in my opinion all of us should use the same exchange rate of the transferable ruble to the currencies of states which are not members of CEMA both in domestic and international economic relations. Only then will the CEMA currency system be closed. All of us have so far used its identical value only in theory and in setting foreign (contract) prices in mutual trade. In some states, this value considerably deviates from the value used in the domestic economy.

Although the transferable ruble does not possess an independent form of existence, (it is not an independent currency unit (valuta)), it is nevertheless the common currency unit of CEMA states. It follows from the above that its actual value in relation to the currencies of states which are not members of CEMA should obviously be a weighted average of the values of national currencies in relation to these currencies.

If the mutual values of the currency system are realistically set, this system will speed up the promotion of international specialization and cooperation and other forms of socialist economic integration. The plans for the future development of the national economy of individual states should not therefore be projected into these more realistic exchange rates. On the contrary, these changes should be reflected in the exchange rates only after they become a reality. After all, the 1973 agreement also anticipates changes in the exchange rates.

The introduction of realistic exchange rates in international economic life will unquestionably call for certain changes in the management of the national economy, including some changes in domestic economic tools in individual CEMA states, and for uniform principles of management of this sphere in all participating states. It is, therefore, often said that all preconditions in all CEMA states must be created before the problems of the functioning of the international currency system are dealt with.

Complete Assortment of Products

Specialization and cooperation among the CEMA states is to a considerable extent carried out by products or by so-called "standardized dimensions" (typo-rozmer). Many experts are of the opinion that specialization should be carried out by sectors. Even if this view of specialization prevails, specialization by products is likely to persist for a long time to come. I have already said that we are interested in the open economy of the CEMA community. This, however, often requires, particularly in processing industries, that the suppliers must be able to offer a complete assortment of products. Past experiences confirm, however, that the present form of production specialization and cooperation has a negative effect in this respect.

The solution of this problem, in my opinion, lies in cooperation of specialized producers in the foreign-trade sphere, which for a variety of reasons has been effected only on a small scale so far. The introduction of a self-contained CEMA monetary system in practice is also likely to lessen this by no means negligible impact of specialization and cooperation.

More Rapid Development of All Partner Countries

There is no question that the systems questions -- including the monetary system -- must be dealt with in connection with the solution of other pertinent problems including the management of the national economy and its domestic economic tools. Without the solution of specific problems, the systems measures will not be effective at all or will be only partially effective or may have a different effect.

Also here we encounter the traditional problem: What existed first -- the chicken or the egg? I doubt the correctness of the view that the conditions for the functioning of the CEMA monetary system must be created in all states before it can be introduced in economic practice. After all, the joint introduction of the CEMA monetary system in economic life -- its correct functioning -- will force all participating countries to coordinate the creation of conditions for its functioning. In creating these prerequisites for functioning of the CEMA monetary system within national economies, therefore I regard the simultaneous introduction of an international CEMA monetary system as the most convenient. The economic reforms carried out in most CEMA countries from the second half of the 1960's created fundamental conditions for it. The first decisive steps on the international level were taken by the permanent CEMA commission in charge of foreign-exchange and financial questions -- particularly by the signing of the agreement in 1973.

This international monetary system obviously cannot be introduced in practice within a short time, for example, within 1 year. But in order to promote international production specialization and cooperation, it will be necessary to reach a consensus and to unite efforts if this problem is to be solved rapidly and comprehensively. It is desirable that the criterion of a more rapid economic development of all partners prevail over individual points of view. Otherwise, the basic prerequisites within individual states will be necessarily affected primarily by the domestic considerations of individual participating states -- in other words as has been the case so far. I deem it desirable that the participating partners agree in advance on the purposes of the monetary system and its mechanism, and also on the principles of its links to the national economies of participants.

I have deliberately dealt in my article only with the problems of the production sphere (being aware that I have not done so in an exhaustive way), that is, with that part of international economic life which is implemented among the CEMA states by so-called commercial payments. This is not to say that that part which is implemented by so-called noncommercial payments does not encounter, from the standpoint of the monetary system, serious problems which must be solved. Eng Spacek mentions some of them in his article. Among them, for example, is the relatively smaller effectiveness of tourism for the state which receives tourists. Together with some additional problems in other areas, this hinders the development of tourism among the CEMA states and gives rise to a very serious political problem at the same time. The introduction of uniform exchange rates as was described in detail in the above-mentioned article in HOSPODARSKE NOVINY No 22 would definitely also contribute to the solution of this problem.

Nevertheless I am of the opinion that commercial payments should have priority over the introduction of the uniform exchange rate. Not only because the scope and value of commercial payments is substantially larger, but also because the effective development of the material sphere will also create better conditions for the solutions of problems related to noncommercial payments.

I have deliberately mentioned only some of the problems related to the implementation of international specialization and cooperation, and some other integration processes carried out on the common economic basis. I was primarily interested in pointing out the basic problems and outlining their potential solution. I maintain that:
-- the intensification of international production specialization and cooperation among the CEMA countries, particularly in the processing industries, requires finding a qualitiatively new approach to these problems;
-- for a rapid planned development of production specialization and cooperation and of other forms of the economic integration process involving the CEMA states, it is expedient to make use of value relations. They should be reflected in the CEMA foreign-exchange system in the first place;
-- all participating partners, and thus also the CEMA community as a whole, must demonstrably benefit economically from every specific specialization and cooperation project or other integration process;
-- the form of foreign-trade transactions including the setting of prices among the CEMA states should be subordinated to the planned development of the integration process of the community of CEMA states on a common economic basis and should serve as its tool. While the organizational setup of foreign-trade enterprises is important, the manner in which foreign trade is carried out is of decisive importance. The formation of a common economic basis of integration processes along the lines proposed is in full harmony with the principles of the Comprehensive Program.

The author of this article spent most of his productive life in lot and big lot engineering production in which international specialization and cooperation with other CEMA states was of great importance. His views are unquestionably affected by this practice. He is of the opinion, however, that the views expressed apply not to specific problems, but generally to the entire processing industry. At the present time, the author is the deputy director of Agromas, interstate economic organization of CEMA member states with headquarters in Budapest.

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CSR STATE FARM PRODUCTION IN FIRST HALF OF 1982 ANALYZED

Prague STATNI STATKY in Czech No 11, Nov 82 pp 163-165

[Article by Eng Jaroslav Krejci, department of state farms and service organizations at the CSR Ministry of Agriculture and Food, Prague: "Plan Fulfillment by State Farms During the January-June 1982 Period"]

[Text] The 1982 economic plans for state farms incorporate and specify the conclusions of the Fourth Plenum of the CPCZ Central Committee. All state farms worked out the assigned tasks and included them in the systems measures designed to help implement the economic operations plan for 1982. Below-average and lagging state farms adopted programs for intensification of agricultural production.

Economic activity of state farms during the first half of 1982 reflects the regulatory and economy measures adopted by the agricultural sector. In accordance with these measures the dynamism of production declined particularly in the area of pig and poultry breeding.

In accordance with the conclusions of the Fourth Plenum of the CPCZ Central Committee, the economic plans of state farms focus attention on achieving a balance between the growth rates of crop and livestock production.

In crop production, the state farms pay great attention to securing the planned quantity of quality bulk fodder, although the long-lasting drought affected the attainment of anticipated goals.

Among the positive results of economic activity of state farms is the fact that in accordance with the plan the numbers of cattle were increased and those of pigs reduced. The target set for the annual number of cows fell 1 percent short of the goal.

Despite many good results achieved by some state farms, the gross weight of domestic animals declined due to the lack of quality fodder in most state farms. Moreover, as tables 1 and 2 show, the fulfillment of tasks fell behind schedule and was also below the level of the first half of 1981.

With the exception of milk, the state farms purchased animal products on schedule during the first half of 1982.

Table 1. Utility of Cattle, Fulfillment of Milk Production Plan and Daily Gains of Young Cattle as of 30 June 1982

1 Státní statky kraj	2 Průměrná denní dojivost l za I. pololetí			4 Plnění čas. plánu výroby mléka %	3 Průměrný denní přírůstek skotu kg za I. pololetí			5 Plnění čas. plánu přírůst. skotu %
	1981	1982	Index 82/81		1981	1982	Index 82/81	
6 Středočeský	7,74	7,46	0,96	96,9	0,590	0,560	0,95	93,8
7 Jihočeský	8,42	7,93	0,94	96,1	0,650	0,570	0,88	90,9
8 Západočeský	7,58	7,23	0,95	94,9	0,590	0,530	0,90	92,8
9 Severočeský	7,36	7,23	0,98	105,9	0,560	0,530	0,95	91,8
10 Východočeský	8,06	8,52	1,06	101,4	0,600	0,590	0,98	95,0
11 Jihomoravský	8,98	8,49	0,95	98,5	0,690	0,580	0,84	90,2
12 Severomoravský	7,43	7,77	1,05	100,6	0,590	0,550	0,93	100,2
13 Statky ČSR	7,83	7,70	0,98	99,4	0,600	0,550	0,92	93,4

Key:

1. State farms in kraj
2. Average milk production per cow during first half year
3. Average daily weight gain (kg) of cattle during first half year
4. Fulfillment of milk production plan in percent
5. Fulfillment of plan of cattle weight gains in percent
6. Central Bohemia
7. South Bohemia
8. West Bohemia
9. North Bohemia
10. East Bohemia
11. South Moravia
12. North Moravia
13. State farms

Table 2. Utility of Pigs and Hens, Fulfillment of Plan Weight Gains of Pigs and of Egg Production as of 30 June 1982

1 Státní statky kraj	2 Průměrné denní přírůstky prasat kg za I. pololetí			3 Plnění čas. plánu přírůstku %	4 Snáška vajec na slepici kg za I. pololetí			5 Plnění čas. plánu výroby vajec %
	1981	1982	Index 82/81		1981	1982	Index 82/81	
6 Středočeský	0,500	0,470	0,94	91,5	130,1	126,0	0,97	94,4
7 Jihočeský	0,530	0,510	0,96	85,4	115,7	113,4	0,98	101,7
8 Západočeský	0,520	0,540	1,04	103,9	131,9	127,6	0,97	102,2
9 Severočeský	0,460	0,470	1,02	103,9	144,8	136,9	0,95	100,3
10 Východočeský	0,540	0,550	1,02	95,3	106,8	108,0	1,01	87,4
11 Jihomoravský	0,490	0,480	0,98	98,9	130,3	129,9	1,00	98,5
12 Severomoravský	0,500	0,490	0,98	102,5	139,3	135,6	0,97	104,8
13 Statky ČSR	0,500	0,490	0,98	97,5	131,6	129,3	0,98	99,2

Key:

1. State farms in kraj
2. Average daily gains of pigs during first half year
3. Compliance with gain schedule in percent
4. Egg production per hen in kg during first half year
5. Compliance with egg production schedule in percent
6. Central Bohemia
7. South Bohemia
8. West Bohemia
9. North Bohemia
10. East Bohemia
11. South Moravia
12. North Moravia
13. State farms

The state farms fulfilled the half year plan of purchase of slaughter animals 101.8 percent, including that of slaughter cattle, 102.5 percent, and of slaughter pigs, 100.9 percent. In comparison with last year, however, these purchases ahead of schedule represent an 8 percent reduction in deliveries of slaughter animals generally. Deliveries of slaughter pigs declined 19 percent, while those for slaughter cattle increased 8 percent.

Also the fulfillment of the schedule of deliveries of slaughter poultry by 102.1 percent and of eggs by 101.1 percent means that, in accordance with the regulatory measures, the deliveries of slaughter poultry declined 2 percent and those of eggs 10 percent in comparison with the first half of 1981.

An unfavorable situation arose in the fulfillment of the milk purchase plan, which the state farms fulfilled only 48.8 percent during the first half year of 1982. Contrary to the plan estimates, milk deliveries declined 2.5 percent in comparison with the first half of 1981. Among individual krajs, the delivery schedule was complied with only by the state farms in the East Bohemia Kraj which increased deliveries 6.2 percent in comparison with the first half of 1981. Also the state farms in the North Moravia Kraj came close to the milk purchase target—the deficit was only 0.04 percent—and increased deliveries 3.2 percent in comparison with the first half of 1981. The state farms in other krajs also shared in the increase of the 5 million liter deficit during the first quarter, thus bringing it up to 12.6 million liters (that is 1.7 percent of the planned annual target), whereby the prospects for making up for this deficit by the end of the year have become more difficult.

The state farms fulfilled the planned output, including extraordinary revenues, 100.52 percent during the first half year. On the other hand, the state farms fulfilled the plan of gross agricultural production (HZP) on schedule only 98.1 percent, including crop production 96 percent and livestock production 98.4 percent. In comparison with the same period of last year, HZP registered an 8 percent decline--crop production, 15 percent and livestock production 7 percent.

The economic plans of state farms for the first half of 1982 had anticipated higher production costs than they actually occurred--with the exception of financial expenditures--in all groups surveyed. As a result, savings were 3.2 percent ahead of schedule. The output above the plan at relatively lower costs was also reflected in the improvement of planned economic result ahead of schedule. It must be stated, however, that the level of economic result represented a planned loss of almost Kcs 440 million, while the actual loss amounted to Kcs 171 million. The improvement of the economic result during the first half year exceeded the plan estimate by Kcs 269 million.

In terms of profit-loss rate, the state farms improved their economic results by 1.6 points over the comparable period of last year (from 4 percent to 2.4 percent). Among the individual krajs, a 5.3 point deterioration was registered by the state farms in the West Bohemia Kraj (from

+0.54 percent to -4.82 percent) and a 0.6 point deterioration by the state farms in the Central Bohemia Kraj. More detailed data are listed in the summary of selected economic indicators of state farms by krajs for the first half of 1982 in Table 3.

Despite the expected equalization of profit rate following the introduction of the improved system of planned management of agriculture on 1 January 1982, considerable differentiation continued in individual krajs. The state farms in the Central Bohemia Kraj, for example, reported a 10.8 percent loss, while the state farms in the South Bohemia Kraj reported a 11.9 percent profit. The state farms in the North Bohemia Kraj continued to register a high loss rate (7.5 percent). The profitability rate was improved in the state farms of the East Bohemia, South Moravia and North Moravia krajs. Among the sectorial enterprises (OP), OP Sumava improved its profitability rate by 4.2 points and OP Bruntal by 19.5 points in comparison with the first half of 1981. On the other hand, OP Bilina and OP Sokolov registered losses amounting to 16 percent and OP Karlovy Vary a 5.3 percent loss. OP Cheb achieved a 0.10 percent profit.

Although the effect of revisions of economic tools and of the new inclusion of state farms in economic production groups [not VHJ] on the equalization of the profit rate cannot be determined on the basis of results during the first half of 1982, attention must be drawn to certain tendencies.

It is anticipated in the economic plans of state farms for 1982 that in comparison with the reality of 1981 the number of state farms operating at a loss will be reduced from 39 to 12, and that the number of state farms operating at a profit will increase by the same number to 81 enterprises. The number of state farms by the amount of the economic result per hectare of agricultural land is listed in Table 4.

It is evident from this summary that the state farms with planned losses in 1982 are primarily in the North Bohemia Kraj, where there are seven of them, and in the North Moravia Kraj, where there is a loss planned for three state farms. These organizations and the organizations operating with a very small profit have not yet completely implemented the decision on strengthening the khozraschet independence of all state farms as had been anticipated in the conclusions of the plenum of the CPCZ Central Committee in October 1975 and the Fourth Plenum of the CPCZ Central Committee in 1981.

The results of the first half of 1981 make it clear that extraordinary effort must be exerted to achieve the profitability of agricultural production anticipated in the economic plans of state farms and to produce the funds in the planned amount. The present situation indicates that the economic position of state farms continues to deteriorate. One of the causes is the decline in the intensity of livestock production due to the smaller fodder supply which was not made up for by other production. Another unfavorable factor is certain restriction of auxiliary activities and services particularly in the transportation sector because of the lower limits imposed on diesel fuel consumption.

Table 3. Summary of Selected Economic Indicators of State Farms for the First Half of 1982

1 Státní statky kraj	2 HZP celkem		3 HZP RV		4 HZP ŽV		5 Výkony a mimoř. výnosy celkem		6 Materiální náklady	7 Rentabilita z nákladů	
	17 % plnění čas. plánu	Index 82/81	17 % plnění čas. plánu	Index 82/81	17 % plnění čas. plánu	Index 82/81	17 % plnění čas. plánu	Index 82/81	% plnění čas. plánu	1981	1982
Středočeský	94,4	90,4	81,1	70,6	95,9	92,9	99,6	103,4	94,1	−10,18	−10,83
Jihočeský	96,5	93,0	92,4	90,8	97,2	93,2	102,2	108,3	95,2	7,87	11,92
10 Západočeský	95,4	91,2	85,3	77,9	96,9	93,4	95,2	99,2	94,7	0,54	−4,82
11 Severočeský	99,0	93,9	104,3	83,6	98,4	95,4	101,8	107,7	97,7	− 7,86	− 7,46
Východočeský	100,6	98,0	98,3	92,2	101,0	99,0	100,8	109,2	96,9	1,59	4,35
13 Jihomoravský	99,8	79,5*	104,8	89,2	99,2	78,5	99,5	85,9	99,7	1,97	2,24
14 Severomoravský	102,5	97,8	110,7	95,3	101,3	98,3	105,7	125,4	98,9	−13,80	− 0,29
15 ČSR celkem	98,1	91,9	96,0	84,7	98,4	93,0	100,5	105,4	96,6	− 4,06	− 2,41

16 *) — vyčlenění st. statku Mikulov

Key:

1. State farms
2. Gross agricultural production
3. Crop production
4. Livestock production
5. Output and extraordinary revenues total
6. Material cost in percentage of plan fulfillment
7. Profitability in relation to cost
8. Central Bohemia
9. South Bohemia
10. West Bohemia
11. North Bohemia
12. East Bohemia
13. South Moravia
14. North Moravia
15. Total
16. Excluding Mikulov State Farm
17. Percentage of fulfillment of plan on schedule

Table 4. Number of State Farms by Amount of Economic Result per Hectare of Agricultural Land (in comparison with the reality of 1981 and 1982 plan)

1 Státní statky kraj	2 Výše zisku na 1 ha zem. půdy v rozpětí Kčs od								3 Výše ztráty na 1 ha zem. půdy v rozpětí Kčs od							
	0 – 499		4 500 až 999		5 1000 až 1999		6 2000 a více		7 1500 a více		8 1499 až 1000		9 999 až 500		10 499 až 1	
	81	82	81	82	81	82	81	82	81	82	81	82	81	82	81	82
11 Středočeský	5	10	2	8	4	4	—	—	4	—	2	—	4	—	2	1
12 Jihočeský	—	—	1	—	1	2	—	—	—	—	—	—	—	—	—	—
13 Západočeský	2	3	5	2	—	5	—	—	1	—	—	1	—	—	3	—
14 Severočeský	7	5	2	6	1	4	—	—	6	—	1	2	3	3	2	2
15 Východočeský	3	2	5	10	1	3	—	—	—	—	1	—	2	—	3	—
16 Jihomoravský	—	—	—	2	8	6	1	—	—	—	—	—	—	—	—	—
17 Severomoravský	2	5	4	1	1	3	—	—	—	—	1	—	4	2	—	1
18 Celkem	19	25	19	29	16	27	1	—	11	—	5	3	13	5	10	4

Key:

1. State farms in kraj
2. Amount of profit per hectare of agricultural land within the following Kcs range
3. Amount of loss per hectare of agricultural land within the following Kcs range
4. 500-999
5. 1,000-1,999
6. 2,000 and over
7. 1,500 and over
8. 1,499-1,000
9. 999-500
10. 499-1
11. Central Bohemia
12. South Bohemia
13. West Bohemia
14. North Bohemia
15. East Bohemia
16. South Moravia
17. North Moravia
18. Total

Every state farm must find the solution to this problem in raising its production efficiency, and above all in restoring the balance between crop and livestock production by establishing an ample fodder basis both in terms of volume and energy content.

Under the present circumstances, it is necessary to proceed more rapidly with the intensification of cattle breeding and with increasing the fertility of soil. Only in this way will it be possible to reduce losses and to implement the demanding tasks.

10501
CSO: 2400/89

BRIEFS

MANDATORY VEHICLE INSPECTION INTRODUCED--As of 1 January 1983 all privately owned vehicles in Czechoslovakia will have to be inspected for mechanical condition every 3 years. Vehicles older than 20 years will be inspected every 2 years and organizational vehicles every year. Public transportation vehicles, rental cars, taxis, driving school vehicles and vehicles having the right-of-way privilege will be inspected every 6 months. Owners will be sent a notice to report for the first inspection, subsequent inspections will be the owner's responsibility. Vehicles that pass mechanical inspection will have an inspection sticker attached to the real license plate, as well as their technical documentation stamped. [Text] [Prague PRACE in Czech 26 Jan 83 p 3]

CSO: 2400/134

QUESTIONS ANSWERED ON INCREASING TRANSPORTATION EFFICIENCY

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/Excerpts from special edition: "Answers to Questions on Reducing Transportation Expenditures," by Press Office, chairman, GDR Council of Ministers, in cooperation with Ministry for Transportation, State Planning Commission and other state and economic organs/

/Excerpts/ Why Reduce Transportation Expenses?

Whenever a discussion deals with a more favorable ratio between expenditures and results, the basic subject is always an overall analysis of our national economy. Better cost-effectiveness in this area is of great significance for the reinforcement of existing accomplishments in the sociopolitical sphere as well as for a continued gradual improvement of our cultural and living standards. A higher rate of increase in our national income is to an ever greater extent resulting from the lowering of our production expenditures. Erich Honecker made the following statement on the occasion of the 10th SED Party Congress: "The lowering of expenditures for all transportation processes logically fits into our plans for the national economy. This applies to our transportation system itself and also concerns our industry, building industry, the agricultural, forestry, and food industries, commerce and all other sectors."

Expenditures connected with transportation consequently are very important for our national economy. We transport too much, too far and at too great a cost. The specific transportation requirements of our national economy are being lowered too slowly. In comparable European countries they decreased 8 to 19 percent faster. Our national economy's fiscal expenditures for domestic freight transport amount to 17 billion marks, inclusive of bridges, roads and so forth. This amounts to approximately 6 percent of the production expenditures and to almost 10 percent of our national economy's net product.

The causes of this are manifold. They are primarily due to the fact that many project decisions were not always based on the full extent of the expenditures required for transportation and reshipment; this happened, for instance, in production specialization and cooperation. In addition, economic regulations have not forced the enterprises sufficiently to engage in intense efforts to lower transportation costs. In connection with the 1981-85 Five-Year Plan, specific transport expenditures in the GDR were to be lowered at least 20 percent compared to 1980 expenditures. In line with this, an absolute reduction of approximately 19 percent in the consumption of transportation energy in our transportation system was planned.

Developments in 1981 and thus far in 1982 show that this objective is attainable with great efforts in all branches and spheres of our national economy and with intelligent management of the available resources. This has a significant effect on our society. For the sake of comparison, if transportation expenditures were 100 percent in 1975, they were 94 percent in 1980 and 88 percent in 1981, measured on the basis of the transport performance required for the total production of our national economy, which means the production or performance of all sectors.

While before 1980 our national economy's transportation outlay showed an annual absolute increase--which, to be sure, has always been a little slower than production--it showed an absolute and specific decrease as the result of intensive work on the part of all those involved and in spite of systematically increasing production. In the past year, the specific transport expenditures of almost 185,000 ton/kilometers--the transported quantities times the covered kilometers--per 1 million mark of our society's total product were reduced to 177,500 ton/kilometers; i.e., 4 percent. In the first 6 months of 1982 it has been possible to reduce the transport requirements in domestic transportation, including factory traffic, an absolute 6.5 percent compared to the same period in the preceding year. We also achieved substantial savings in transport energy, especially liquid fuels.

As gratifying as this may be, a still more accelerated rate of expenditure reduction is called for when considering the needs of the national economy. By lowering production expenditures we are opening up for ourselves an ever more important source for the growth of our gross national product.

What Paths Will Lead to a Lowering of Transportation Expenditures?

In the past year the transport costs in the GDR amounted to 14.5 billion marks. This is more than the annual increase in our gross national product. In view of this, Willi Stoph made the following statement to the Volkskammer /People's Chamber of the GDR/ on the occasion of the justification of our 1982 economic plan: "Optimizing delivery and transport relationship, especially in the transport-intensive branches and sectors as well as in the regional areas must lead to a considerable lowering of expenditures. It is necessary to reconsider the entire procurement, cooperation, production, storage, reshipment and sales processes with respect to their dependence on transportation."

We have here a far-reaching task that permeates all sectors of our national economy. It begins with more binding planning of transport operations, continues with the finding of solutions in the production sphere that are the most favorable on our national economy and related transportation problems, and extends to utilization of the carriers that are most favorable with respect to energy considerations and to a corresponding control of the tasks. The objective is, as domestic transport increases from 1980 to 1985, to effect a 17 percent decrease in the volume of goods to be transported and to reduce the goods transport performance expressed in ton/kilometers--i.e., the goods volume times the traversed distances--3 percent.

The task consequently consists in transporting fewer goods via shorter distances. One way to accomplish this is searching for the most favorable transport and delivery interrelations, to optimize them, as it is called in technical jargon. In this connection electronic data processing is proving an indispensable aid. Scientific institutions, such as the Central Traffic Research Institute, or advanced schools and technical schools, such as the Friedrich List Advanced School for Transport Studies, have jointly with enterprises and combines created substantial prerequisites for this field such as appropriate methods and programs.

A second important way to accomplish it is shaping specialization and cooperation in the production sphere in a more favorable and optimized fashion, paying particular attention to transport expenditures. This calls for a reduction of the transport required between enterprises during the production process and, if necessary, the exchange or modification of production part assortments so that it will no longer be necessary to transport parts back and forth between enterprises or localities but facilitate the continuation of processing on the spot. In this respect the combines particularly have a great responsibility.

Another important criterion for reducing costs is the selection of the most energy-efficient carriers. If by nothing else, its importance is reflected in the fact that motor traffic consumes for the same transport performance approximately 3 times as much energy as the railroads, and requires 2.5 times as much manpower and that the net production costs per performance unit are 3.2 times as high. Nevertheless, motor traffic continues to have a great range of tasks in area traffic--i.e., over short distances within the territories--such as back and forth from the rail station. In this connection, however, one must also point to the advantageous inland navigation facilities. An essential feature in connection with rail traffic is proving to be the increasing electrification of the rail network.

Finally, the management and planning of the freight traffic must be oriented more toward a lowering of expenditures. Since the beginning of the year new domestic freight traffic rates have been stimulating transport activities favorable for our national economy. The transport statistics provide for the enterprises firm data on capacities at their disposal. Only on this basis can transport contracts be entered. Also, transport norms that present the enterprises with the binding expenditures necessary on the basis of social considerations are gradually being introduced.

What Are the Results of Optimizing Delivery Interrelationships?

As expressed by the term itself, the purpose of optimizing is to bring about the most advantageous and the most effective--i.e., the best possible--solution of an economic, technological or technical process. Whenever this involves transportation, there are always two parties in a transaction: the shipper and the transporter. They are joined by the consignee, whose needs must without fail be considered. In short, reduced transport requirements and a better utilization of traffic means must result.

When optimizing delivery interrelationships, one proceeds from the given production conditions and requirement structures. It should lower overall transport expenditures, measured on the basis of the quantities to be transported times the distances to be traversed; i.e., the ton/kilometers involved, the transport costs, the energy consumption or time. It is most effective with bulk goods.

This method is already being applied, particularly in the transport-intensive sectors such as the building industry, the coal and energy sectors, the chemical industry, ore mining, metallurgy, and potash production. In the building industry, transportation of approximately 60 percent of all shipped building materials were optimized by rail. The VEB /state-owned/ Concrete Aggregates and Stone Combine ships 48 to 50 million tons of building materials annually. In 1970 the average transport distance for concrete gravel and sand and gravel mixtures was 200 kilometers. Through optimizing it was lowered to 93.9 kilometers in 1980 and it will amount to an estimated 80.8 kilometers this year.

The Metal Treatment Combine passes on to the Reichsbahn /GDR Railways/ approximately 5 million tons of steel and cast iron scrap per year that must be transported by 700 dispatching rail stations to approximately 180 destination rail stations of 22 types. The objective is a reduction of 15 million ton/kilometers per year.

These examples alone show clearly the responsibility of the shippers. This responsibility becomes even greater if additionally it is possible to change the production and requirement structures within certain limits. In this production-transportation optimization process it is consequently necessary to harmonize even more factors. In this respect then one must also pay attention to the expenditures required for the modifications of the production and requirement structures. Thus, the Dessau VEB Furniture Combine, among others, deals with the question of how cooperation interrelationships between prefabrication and final production can be reorganized with reduced transportation expenditures.

Optimization of delivery interrelationships also includes a better utilization of the transport means, such as determination of the most advantageous trips and roundtrips and coordination of trips in order to reduce the number of no-load kilometers. That too pays off.

The Karl-Marx-Stadt VEB (B) Service Combine supplies its entire bezirk with services. In the interest of expenditure reduction, a working group was formed there last year for further optimization in the distribution and transportation system. In cooperation with the Friedrich List Advanced School for Traffic Matters, which issued practical work assignments for this purpose, there were, for instance, new trip schedules worked up with the aid of mathematical models. Along with many other measures, including the use of coupled vehicles, it is already possible to transport 72 percent of the entire order volume according to optimized trip plans. While there is an overall increase in orders, this year there will be a reduction of more than 180,000 kilometers of required transport distance.

High Responsibility of Enterprises, Combines and Territories

Lowering transportation expenditures is not a task involving only the traffic system or the transport-intensive sectors. What is at stake is the lowering of the expenditures of our national economy, a task that consequently must be solved throughout our national economy. If, by the end of September 1972, it has been possible to save approximately 1,400 million ton/kilometers compared with the overall result of the preceding year, then this shows us how the decisions of the 10th SED Congress were realized. In this connection Erich Honecker had pointed out the following: "The entire goods traffic must be carried out more effectively, in the shortest possible way and with less fuel and energy. What we need are more rational transport, reshipment and storage processes."

This result has been made possible particularly because the circle of those working for it has been growing. The completed measures have no longer been limited to the transport-intensive sectors but extended to include all sectors of our national economy. In addition, the bezirk councils extensively reinforced the transport optimization efforts. The content of the assigned tasks also was expanded by including additional work objectives in the programs, particularly with a search for more advantageous interrelationships between the production and transport sectors as well as for the best possible production and storage locations. Planned for a longer time period, they will lead to greater effectiveness. There is no branch of our people's economy, no bezirk and no branch of our transport system in which the transport and delivery interrealtionships are not being optimized.

The 7 October VEB Machine Tool Combine, for instance, set the goal of shaping its work so that its transport activities would be optimized from the point of view of our national economy. This requires that science and technology be involved from the outset, because only in this way are the required effects attainable. The science and technology plan therefore contains the joint solution of transport rationalization problems with the Central Traffic Research Institute. One premise of this work is that a lowering of transport expenditures must from the outset be tied to the planning of rationalization tasks. This, if for no other reason, is of such great importance because more than 10 percent of the total overall production of the combine can be accomplished through division of labor between the combine's enterprises.

The Brandenburg VEB Quality and High-Grade Steel Combine approaches these tasks in a similar manner. It is the largest raw steel producer in the GDR and must in the course of this year transport 46.8 million tons of goods. This, by comparison, corresponds to one-seventh of the total goods volume to be transported by the Reichsbahn; 9.4 million tons are transported by public carriers. In the sphere of intra-enterprise rail traffic, 4,990 enterprise cars are required daily to traverse 2.5 to 4 kilometers. Having a long-term plan for effective transport, reshipment and storage operations is proving its worth. Research tasks are oriented toward expenditure reduction. Cooperative interrelationships for raw and semiproduct transportation have been optimized.

As evident from a report from the director general to the Council of Ministers, it has been possible to save already in the first half of 1982 a total of 42 million ton/kilometers of the 70 million ton/kilometer savings planned for the entire year. A total of 55,000 tons of goods was shifted from motor traffic to rail traffic. Uniform norms for intra-enterprise and reshipment activities are being introduced in the enterprises. The enterprise harbor facilities in Brandenburg and Hennigsdorf can also be utilized more fully in cooperation with our inland navigation system.

As demonstrated by Aue Kreis, regional rationalization is another promising path. Linking up with the favorable experiences gathered by the Galuchau and Sondershausen Kreise in connection with their rational shaping of their goods and passenger transport services, a new step on the road toward a complex, energy-optimized solution is being taken on the kreis level. The traffic system, industrial enterprises and social installations are combining their energy in connection with a multitude of measures. These measures extend from expenditure reduction via a further shifting from road transport to rail transport to a better utilization of their regional resources.

Delivery interrelationships are being reshaped; freight car circulation is accelerated; piece-goods shipments are being improved; loading and unloading possibilities are to a greater extent being utilized jointly; occupational, student and tourist traffic is being organized more rationally; manpower is made available to the Reichsbahn; the railroad's operational procedures are being organized more effectively; and many more measures are being taken. In the course of the first three quarters of this year, it has been possible to achieve with this kreis youth project of the FDJ /Free German Youth Organization/ a benefit of more than 3 million marks and a considerable energy saving for our national economy.

These examples show the extent of the reserves still available, for these experiences are not all common knowledge. It is an established decision: transport expenditures must be reduced wherever possible. This is not merely a task for 1 day but is a solid component of our economic strategy and a basic requirement of socialist rationalization.

Why Have Electrification of the German Reichsbahn?

The transportation system is the third largest energy consumer in the GDR, after the industrial sector and households. From this fact comes its great responsibility for a rational utilization of energy. The electrification of severely burdened rail lines is making a considerable contribution to the execution of socially necessary transport operations with the least possible expenditures for our national economy, because it reduces energy consumption, particularly diesel fuel consumption, to a noteworthy extent. For this reason the 10th SED Congress oriented its efforts toward a significant acceleration of electrification. It represents the nucleus of rationalization in our transportation system.

An electrical locomotive requires only one-third of the energy required by a diesel locomotive. Advantageous results are also derived from the higher performance capacity of electrical propulsion vehicles. They have greater initial tractive force and a higher acceleration capacity and they can be put to use for a longer time. In addition, they provide the most favorable working conditions of all rail traction vehicles.

Electrical train transport is additionally advantageous because electrical energy is produced from domestic brown coal. To this one must also add the favorable environmental aspect: no harmful agents are emitted from the vehicle and the noise factor is minimal.

The effectiveness of electrification is demonstrated convincingly by the Berlin-Rostock line, which is to be electrified by 1985. In this case, specific energy consumption will be reduced 39.5 percent, whereas transport performance will increase one-third without any requirement for more personnel. Thus, what is also at stake in this connection is the most important project for increasing the performance capacity of the railroad.

The 10th SED Party Congress directive provides for electrifying 700 to 750 kilometers of rail lines in this plan quinquennium. This also is a decisively important prerequisite for the railroad's ability to take over a still greater share of road transports, whose specific energy consumption rate is about three times higher. Through electrification, the pass-through capacity of the railway lines increases 8 to 12 percent.

By 1985, the Erfurt-Halle/Leipzig and Bsd Schandau-Dresden rail lines to Berlin and the Berlin-Rostock and Magdeburg-Stendal rail sections are to be electrified totally. An additional three supplementary rail sections will be included. Of this quinquennium's program, the Elsterwerda-southern Berlin Ring-Seddin and Luckenwalde-Teltow rail sections with a total of 182 line kilometers were switched to electric train traffic. Since 23 May 1982, the important Seddin switching yard in the vicinity of the capital was linked with the electrified rail network. In December 1982, an additional 44 rail-line kilometers from Seddin and Saarmund to Priort at the western Berlin Outer Ring will be opened.

In 1983 the western Berlin Outer Ring and the first section of the Berlin-Rostock line to the Loewenberg railway station will be electrified. From the southern Berling Outer Ring, the Berlin-Gruenau railway station will be linked with the electrified network via the Berlin/Schoenefeld airport railway station, for an overall total of 151 kilometers of rail lines.

How Can Passenger Traffic Be Directed More Rationally?

The work of directing local passenger traffic in a smooth and rational manner was not at all a simple venture when undertaken by the Sondershausen Kreis council a few years ago. The results and the manner in which these results were achieved were so convincing that the Council of Ministers in January 1981 recommended them to all bezirk and kreis councils for full utilization. In Sondershausen Kreis there had been public line buses that were strained during peak traffic hours, whereas buses of the contractually determined worker transport system were not fully occupied. Quite understandably, our citizens did not appreciate this, nor do they appreciate it today in those places where the splintering of local passenger traffic into public transportation lines and enterprise-operated lines has not yet been overcome.

At first, it was determined how many workers ride to and from work at which times (depending on shift work) and using what means of transportation. Proceeding from this information, an optimum transportation line network was developed, including all cities and communities of the kreis and considering the rail connections. Many consultations were conducted with enterprises and installations in order to adapt the starting hours of the workers to the technical possibilities afforded by public motor transportation.

Transportation lines formerly available only to workers of certain enterprises were changed into public motor transportation lines that can be used by all citizens. The transportation line density became greater; the number of trips and seats was approximately 1.4 times higher. For approximately 23,000 workers, the travel time from their homes to their places of work was reduced considerably. The more rational direction of passenger traffic even made it possible to free so many existing motor buses that it was possible to put municipal line buses into service in the kreis city of Sondershausen. The industrial enterprises that had previously carried on worker transportation with their own company vehicles realized savings of approximately 2.4 million marks, whereas additional expenditures of 0.9 million marks were required for the VEB Motor Transport, thus providing a 1.5 million mark gain for our national economy.

In the meantime, the work carried out in accordance with the experiences of Sondershausen Kreis have led to similar good results. In Guestrow Kreis, for instance, it was possible to reduce contract-linked worker transportation 70 percent. The number of accessible trips has increased from 134 per day to 309. Thus the transportation possibilities for the population, including workers in small enterprises, some of which were not tied in with the contract-linked worker transportation system, were substantially improved.

The task in Bitterfeld Kreis was to examine the traffic flows from 24 localities to the Bitterfeld chemical combine and to the Wolfen film plant. The knowledge gained from this analysis made it possible to establish new line operation procedures and bus schedules. Eight buses of the former contract-linked worker transportation system now operate between Wolfen and Bitterfeld, a situation that particularly benefits those individuals living in the large Wolfen-Nord new construction area.

The work carried out in accordance with the Sondershausen experiences continues to reinforce a principle of our national policy: all projects and all changes must first be thoroughly discussed with the workers and with all enterprises and installations participating in the transportation of workers. This is a necessary prerequisite for success. In this connection it is necessary to impart understanding that in connection with worker transportation one must be guided by overall social interests and jointly find the best ways to low expenditures. Many workers had been accustomed to their company bus stopping at their house doors but are now expected to walk to the bus stop or transfer to another vehicle en route. This requires patient persuasion.

Why Should One Shift Road Traffic to Rail Lines and Water Routes?

If we wish to carry out freight traffic with the lowest possible expenditures for our national economy, one must above all also consider energy-efficient principles. Approximately 15 percent of the GDR's entire energy consumption is used for transport purposes. As for diesel fuel, our transport system requires two-thirds of the consumption rate. More than half of this is the share of road transport and 35 percent, the share of the railways.

With reference to specific energy consumption, one may proceed from the fact that the share of inland navigation amounts to approximately 0.8 of the railways' but motor traffic is on the average 3 times as much. Approximately two-thirds of all domestic goods transports are carried out on the roads, and approximately one-third of the transport performance is there. Consequently, the shift from the roads to the rails and waterways can contribute substantially to a reduction of transport expenditures.

The results so far emphasize the correctness of and need for the path that we have followed. In 1980, it was possible to transport 4.6 million tons and in 1981, 6.6 million tons of goods via the railways and inland navigation instead of trucks. In the period of January to September, more than 7 million tons had been taken over by the railways. By the end of this year the total transported is expected to be almost 10 million tons of goods--9 million tons transported by the railways alone.

One procedure that is particularly effective for our national economy is the transferring of transports in the long-haul freight traffic. Thus, for instance, mortar sand for the construction industry is no longer transported from Dresden to Karl-Marx-Stadt on the roads but via entire railway trains. It has also been possible to shift gravel transports from Neubrandenburg Bezirk to Rostock to rail transportation. Finally, it is an obvious procedure to have inland navigation take over the transportation of scrap metal from Berlin to Hennigsdorf and waste paper to Schwedt.

This does not apply only to bulk goods. The Palla Glauchau VEB textile plant ships fabric bales by rail rather than by truck and the Dessau VEB furniture combine also ships a substantial portion of its deliveries to and from the combine's plants by rail. The Kahla fine ceramics combine is shipping porcelain handles for cutlery sets to the VEB Auer cutlery and silverware works through the postal facilities. The speed with which we proceed on this path in the interest of cost-effectiveness for our national economy not in the least depends on the willingness and involvement of those in charge of the enterprises making the shipments.

The great number of such examples indicates already that as a result of this situation new demands are being made on the railways and on the inland navigation system. For the railroads this means that, among other things, the circulation time of their cars must be shortened, that their utilization level must be raised and that a system of rapid piece-goods transportation must be developed. In view of the increasing combined transport volume--i.e., shipment via road vehicles to and from the railway stations--the development of effective reshipment technologies gains importance.

The inland navigation system must also reduce the number of no-load trips, must develop combined transport procedures with the railways and motor traffic system and must create new ports or traffic possibilities jointly with industry and agriculture.

Of quite decisive importance is the cooperation of the shippers and the consignees. Under the guidance of the local transport committees and their working groups for the rationalization of freight transport it is necessary to investigate continually whether the railways or the inland navigation facilities are suitable transportation means.

What Technical Possibilities Exist for Fuel Savings in Motor Traffic and How Are They Utilized?

The possibilities for saving fuel through technical measures in the area of motor traffic are manifold. They range from equipping vehicles with air control devices to automatic speed limiting devices and using diagnostic equipment for repairs. Also mentioned in this connection should be timely sorting of equipment, proper adjustment of carburetors and injection pumps, and many other things.

More than 13,000 trucks are equipped with air control devices in the driver's compartment. Taking into account all vehicle types, the average fuel consumption resulting from vehicles with air control devices was reduced 2.5 percent per truck. This measure proved a necessary contribution to a more rational use of the energy carriers in our national economy. Today all suitable trucks are equipped with air control devices.

In the GDR, such equipment work began in 1979. The positive results caused the Council of Ministers to set the task of broadly using air control devices for public motor traffic and enterprise-conducted traffic and of manufacturing them within the manufacturing framework of suitable means. In this connection, the Ministry for Transportation, the Ministry for Materials Management and the Ministry for Construction of General Machinery, Agricultural Machinery and Vehicles worked closely together.

Plans were made at the beginning to equip all suitable trucks with air control devices. The position, measurements and angle of tilt must be arranged in the best possible way for each vehicle type. For instance, installation of an untested air control device without proper reference data can lead to even higher fuel consumption. The Erfurt VE /state-owned/ Transportation Combine and the Potsdam VE Transportation Combine, acting as a control combine, performed exemplary development work for equipment of trucks with air control devices.

Another possibility is offered by automatic speed control of motor vehicles. It is a device with which the mechanically adjusted maximum speed cannot be exceeded by the driver. In the meantime, the minister for transportation has ordered that the utility vehicles of the transportation system be equipped with these devices. The control combine for their manufacture is the Potsdam Transportation Combine. The Max Reimann motor vehicle servicing enterprise in Kleinmachnow was directed to organize production and to coordinate the c-operation partners.

In April 1982, the Council of Ministers stipulated that the utility motor vehicles of all sectors of our national economy be equipped with these devices by 31 December 1984. The documents pertaining to the pertinent installation technology and to driver training have been transmitted to all participating sectors of our national economy. The control combine has produced approximately 15,000 sets and made them available for installation. By the end of 1982, it is expected that 32,000 sets will have been produced.

Of the array of additional possibilities, I would like to point out also the achievements of an innovative collective of the Karl-Marx-Stadt VE Transportation Combine. During its own efforts to produce rationalization means, it developed loose-material containers for tip-cart trains with a loading capacity of 20 tons. They can be used selectively for loose materials, particularly for building materials and wheat. With them, container transportation for loose goods in the combined road-rail-road traffic system can be organized on the basis of schedules and with fuel savings. To date, 365 vehicles have been completed cooperatively and put into service by the modernizing efforts of the transportation combines.

8272
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GERMAN DEMOCRATIC REPUBLIC

ADVANCES IN UTILIZATION OF BIOGAS REPORTED

East Berlin SPECTRUM in German Vol 13 No 10, Oct 82 pp 11-14

[Article by Prof Dr Dieter Beck, Institute for Chemical Engineering: "Biogas--Extraction and Utilization in Agriculture"]

[Text] About one-half of the carbon absorbed by plants by photosynthesis is lost during harvesting, transport, in processing or during metabolism in the animal stomach. There is worldwide interest in technologies which would make greater use of the primary organic substance, i.e., to make the greatest possible use of the energy contained therein. Plant biomasses, compared with fossilized organic carbon sources, contain relatively little carbon but large amounts of water, which imparts especially great significance to the introduction of biotechnological procedures for substance conversion.

Biotechnological processes have long been used on an empirical basis, e.g., silification, composting, mushroom growing. However, during the last few decades the biological sciences have made progress which provided significant opportunities for highly technical utilization of agricultural substances. The concentration of agricultural activities provided favorable conditions for this also.

It is logical therefore that the report to the Tenth SED Party Congress and the documentation of the Third General Assembly call for the utilization of biogas as an alternate source of energy for the partial substitution for liquid and solid fossil energy sources in agriculture. This would provide conservation of heating oil, gasoline, coal and electricity.

The Resources

As is the case for other regenerable energy sources (e.g., sun, wind, etc.), organic plant substances too have only a relatively small usable energy density in comparison with coal or petroleum. This means that in producing biogas optimal technologies must be developed which produce the greatest possible amount of net energy for operating the installation while using as little as possible themselves. The classic procedures for aerobic/anaerobic waste water treatment were with few exceptions oriented toward energy self-sufficiency of the overall installation, but not toward the production of excess energy. What is needed therefore is a transition from the concept of waste disposal, as it is now practiced in communal waste water treatment, to the concept of supply encompassing environmental protection without wasting valuable organic sources of carbon or compounds containing nitrogen or phosphorus which are of importance as fertilizers.

This raises the question as to what resources are available in the GDR for agricultural side or waste products. Tables 1 and 2 show biogas quantities which can be recovered from various substrates (containing approximately 60 percent methane).

The first area of concern lies in the liquid manure produced in complex animal production facilities. The problem of processing it becomes particularly urgent for considerations of environmental protection in high local concentrations. Frequently there is a lack of available acreage for rain water treatment. There is a variety of opinions as to what constitutes the minimum required number of animals for operating such a facility; it probably lies in the neighborhood of some 100 cattle. The annual amount of cattle and pig manure produced in the GDR was about 60 million tons in 1980, with an average dry substance content of 4 percent (of which 70-80 percent in turn was organic). No substantial reduction is expected in this for the next few decades, even with the introduction of new feeding and waste disposal technologies. Out of this, approximately 196×10^6 cubic meters of biogas could be produced annually; this would correspond to about 5 percent of the overall agricultural energy consumption which could be substituted. In many cases it is possible to use biogas for almost the total requirements for installations producing thermal energy for hot water and stable heating and cooling. Following the anaerobic conversion, non-converted manure residues and excess sludge could be used either for aerobic conversion to microbial biomasses, or, together with the excess sludge, for organic and inorganic soil fertilizer. But in agriculture there is an additional multitude of other organic secondary or waste products available in various quantities, such as silo percolating fluids, slops and lactic acid. Their anaerobic conversion, possibly in conjunction with aerobic procedures for cellular substance synthesis in the form of complex territorial solutions appears to be worthwhile.

The Principle

Biochemically, the conversion of an organic substance into methane is characterized by the decomposition of complex organic compounds (mainly carbohydrates, fats and protein), which is presently regarded as occurring in four integrated process phases:

1. Hydrolsis: the enzymatic decomposition of mostly undissolved polymers into dissolved products;

2. Acid formation: the conversion of dissolved organic compounds into organic acids, such as acetic acid, propionic acid, butyric acid and low alcohols, aldehyde as well as H_2S and CO_2;

3. Acetate formation: further conversion of the organic acids formed in the acid phase through acetic acid and organic compounds with acetic acid, H_2 and CO_2;

4. Methane formation: production of methane from acetic acid, H_2 and CO_2 in a strictly anaerobic milieu of PH 6, 7-8.

If the organic compounds of the initial substrate can easily be decomposed microbially, the third step determines the speed of the overall process; with polymers which are difficult to break down enzymatically, the first step determines the speed.

In every case, regardless of the initial compound, a consortium of microorganisms causes the bioconversion, resulting in the fact that the microbiologic status of biogas installations is always characterized by the presence of a mixed population. Depending on the initial substrate and the method employed, biogas consists of 50-70 percent CH_4, 50-30 percent CO_2 and traces of H_2, NH_3 and H_2S. Reaction temperature fluctuates widely between 20°C and 60°C with a corresponding change in the population of microorganisms and the conversion speed.

Technological Variants

The development of reactors and technologies for producing biogas dates back to the middle of the last century. It reached its first milestone with the large-volume reactors build by Imhof during the 1920s and 1930s.

We are frequently told of the employment of basic technologies for local production of biogas in Asia, especially in India, China and Korea, where several million Gobar installations (see Fig. 1) are being operated. At the same time the question is raised whether a modified version of this would be feasilbe in our republic to supply local gas requirements in agricultural enterprises. The answer to this is negative, since the productivity of gas manufacture, the cost and amount of labor to operate a modern, industrialized agriculture would be prohibitive.

Widely used and procedurally modified by the incorporation of minimum energy consuming blending systems are single or multi-phase large volume sludge tanks (up to 8,000 cubic meters) which were adapted from aerobic communal waste water treatment plants. They have a working temperature of about 38°C and maintain the liquid manure under pressure for up to 30 days. Understandably, such installations require a lot of building material, great cost, and still have a relatively low productivity amounting a daily output of 0.45 to a maximum of 1.1 cubic meters of biogas per cubic meter of reactor volume.

The photograph on p 14 shows a biogas installation in Trebon, CSSR, which processes liquid pig manure with two reactors with volumes of 3,200 and 2,800 cubic meters, respectively.

Installations of this type require between one-fourth and one-third of the biogas they produce for their own operating energy requirements in the form of thermal energy (for heating) and mechanical energy (for pumping and stirring).

Some premises are valid for locally and territorially limited production of biogas; they are confirmed by international development trends also. Among them are:

a highly complex territorial utilization of waste by-products;

a year-round optimal utilization of the biogas for energy use;

further scientific breakthroughs of the reaction kinetics of the process, for the purpose of increasing the speed of the gasification process, since the output from presently used long-term processes only comes within 80 percent of theoretical yields;

reactors having high volume/time yields but lower purchase and operating costs compared to state-of-the-art installations;

appropriate, reusable projects and facilities corresponding to variable yeilds of convertible waste products.

It is primarily up to biochemical basic research and process kinetics to create proper conditions for an economic direct or indirect production of energy. Cost effective, dependable and economically operable high-yield reactors of varying sizes must be developed depending on whatever energy requirements and waste product availability are present.

The Institute for Chemical Engineering of the GDR Academy of Sciences in Leipzig is studying the basic design for a new type of high performance reactor which would be the equivalent of similar systems currently being developed in other countries.

The 500 liter circulating reactor, developed and constructed in close cooperation with VEB IRIMA Delitzsch and VEB Rohrtechnik Delitzsch, when operating in the thermophilic temperature range and processing cattle manure for less than 10 days produces a daily gas yield of 1.7 cubic meters of biogas per cubic meter of reactor volume. Substantially increased yields are expected from current optimization tests with even shorter processing duration. Initial energetic calculations for systems of this type indicate a requirement for about one-quarter of the gross gas production for operating the installation. Preparations are being made at present to convert this technologically relatively simple and inexpensive system to a scale of 100 cubic meters.

Opportunities for Utilization

The economic exploitation of the available biogas is mainly determined by year-round, continuous utilization. In our geographic latitude, full capacity use of the reactor for total substitution of fossil energy source by biogas can be guaranteed only for the months of December through March. Operation at partial capacity creates considerable problems for the biological stability of the process and for environmental pollution by surplus manure.

Long-term storage under low as well as high pressure is uneconomical at a caloric value of the biogas of 19,000 to 23,000 KJ (kilojoules).

The following are considered to be the most important uses for biogas:

direct combustion in heating plants to supply hot water and heating steam;

the production of hot air for drying agricultural products, but also for sterilizing or confecting protein-rich biosludges from metabolic processes;

the supply of mechanical energy and heat, whereby the combustion engine fueled with biogas is linked with a generator for the production of electric energy or with a heat pump. The waste heat of the cooling water and of the waste gases can be utilized effectively in the low temperature range.

There is also considerable interest in a possible use as a fuel for mobile Otto or diesel engines. However, we must not underestimate economic and technological problems yet to be solved in this connection. It is true that 1 cubic meter of biogas represents the energy equivalent of 0.71 liters of carbureting fuel or 0.61 liters of diesel fuel and is eminently suitable as an engine fuel because of its high anti-knock properties. However, the difficulty arises in storage, fueling and transporting. No matter whether it is in compressed or liquid state, biogas as an engine fuel considerably reduces the usable mass and thus the driving range of a vehicle. What is required here are careful economic studies, to include necessary safety measures in handling gases under high pressure (up to 150 MPa [Megapascal]) or in liquid form (temperatures at about -160°C). Future studies will have to concern themselves with the problem of long-term storage of surplus biogas, especially during the summer months, by catalytic pyrolysis of surplus biomasses in linked aerobic/anaerobic systems to liquid hydrocarbons in installations of certain sizes.

Table 1 (after H. Harrendorf)

Number	Animal Species	Excrements Liters/avge	Dry Matter Content		Biogas Quantity Cubic Meter avge	Equiv Oil Quant (Liter)	Producible El. Energy kWh
			Percent	Kilo			
1	Milch cow (500 Kg)	45	12	5.4	2.1	1.2	4.2
1	Fattened Cattle (350 Kg)	31	10	3.2	1.3	0.7	2.6
10	Fattened Hogs (70 Kg)	56	8	4.5	2.0	1.1	4.0
100	Brood Hens (1.7 Kg)	18	20	3.1	1.3	0.7	2.6

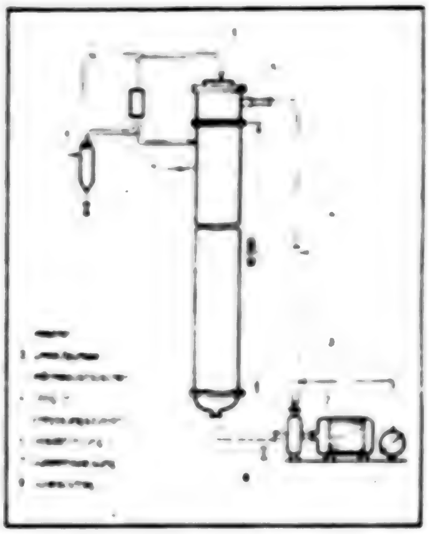
Table 2 (after H. Harrendorf)

Biomasses and Biosubstrates	Biogas Quantity (Cubic Meter)	Producible El. Energy (kWh)
1 Kg Turnip Greens	0.6	1.2
1 Kg Straw (2 millimeter)	0.5	1.0
1 Cubic meter Molasses mash	12.0	24.3
1 Cubic meter Corn mash	15.0	30.3

Figure 2. Schematic Drawing of a Fermentation Device

Key:

1. Reactor
2. Circulating Pump
3. Heat Exchanger
4. Suction Pipe
5. Gas Separation Chamber
6. Gas Dissipation
7. Manure Entry
8. Manure Exit



Schematische Darstellung des Gasfermenters

9273
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HUNGARY

BANK PRESIDENT DESCRIBES 1983 CREDIT POLICY

Budapest NEPSZABADSAG in Hungarian 6 Jan 83 p 3

[Article by Matyas Timar, president of Hungarian Bank (MNB): "Credit Policy in 1983"]

[Text] Last year the extraordinary tasks towering before our economy also made big demands on the credit activity. In international financial respects the first months of 1982 were especially characterized by the withdrawal of short term deposits, and it became more difficult to take out medium and long term loans. The foreign interest rates still hovered around recrod levels in the first half of the year, and this not only hindered the normal process of our financial relationships but also tested the implementation of the usual standards of our economic policy. Under the circumstances which developed on the international money market, it required increased activity to meet payments which became due and to make payments on the principal and interest of earlier loans on the money and credit markets.

Last Year's Experiences, This Year's Tasks

Looking back at last year's developments, at the turn of the calendar year three experiences must be emphasized:

--Our economic management was able to conform in time to the negative change in the international financial environment which developed independently from us, successfully reinforcing the implementation of the equilibrium viewpoints;

--our foreign credit policy activity has also conformed to the changed system of conditions of the economic policy. Our membership in the international financial institutions contributed to easing our problems, for which the loans from the International Bank of Payments and the Currency Fund can be mentioned as the more important examples of direct advantages;

--the external [foreign] circumstances and the situation which developed in our domestic economic operation also made significant efforts necessary in the domestic credit policy. This resulted in strict selection in granting development credit, and reduced issuing of loans for working funds in order to encourage more frugal management of the resources. In making loans the stricter conditions required by our economic situation must be applied.

The goals specified in the 1983 national economic plan also do not represent smaller tasks than in the previous year. The plan continues to specify strengthening the equilibrium conditions and maintenance of the country's ability to pay, and in order to serve this the credit policy principles approved by the government require significant efforts from the banking system.

By ensuring conditions for a balance of payments to close with a surplus, in 1983 we must begin to reduce the foreign debts which are in convertible currencies, and we must improve the expiration composition of the loans. Obviously this is not a one year job. The national economic plan ensures the conditions for this in its goals as well as in its approach.

Investment Loans

Equilibrium of the foreign trade and payment balances requires further decreases in domestic and consumption, first of all in accumulation. Because of this the total amount of investment loans must not increase, new loans may be made in the same amount as payments being received. The operating space for investment loans is rather limited, in several areas the loans already authorized exhaust this year's opportunities, thus new loans can be granted only between narrow limits. We know of several profitable investment needs which would improve the equilibrium, for which we are unable to make loans. But there are some development goals which continue to be of outstanding importance, and for these--together with the affected central organs--we are seeking possibilities to provide adequate domestic resources.

Opportunities could open up for making additional development loans if no more loans were made for development purposes for some of the investments in process financed by loans (because it is no longer justified to implement the originally intended goal because of changed market circumstances). From this viewpoint the bank is reviewing the use of some of the already committed loans, and in cooperation with the enterprises it will make the decisions about making further the loans, suspending them, or withdrawing them. With the opportunities gained in this manner we wish to support those developments which are profitable, improve our equilibrium position, and are also supported from the side of market demands. We are taking great care that these developments should improve the capitalist foreign trade balance, promote technological and economic growth, be implemented quickly, and recovered soon. The domestic loan resources are somewhat increased by the fact that a loan fund was set up from a minor portion of the development funds removed from the enterprises.

It is probable that during the course of the year the opportunity will arise with regard to specific development programs--to take out a loan from the International Reconstruction and Development Bank (World Bank). Such an opportunity appears to exist first of all for the rationalization of energy consumption, improving grain production and storage, and for the purposes of increasing exports and modernizing the industrial structure.

The economical use of materials and modernization of technology have appeared as new, preferred development goals. It is not necessary to separately emphasize the importance of this program in our country which is poor in raw materials. A separate loan fund is available for this purpose.

We want to use the loan opportunities which are still available for export development purposes to promote developments which can be implemented quickly, and which will make profitable export expansion possible.

Loans for Operating Funds

We wish to continue the strict practice in the area of making loans for operating purposes, taking care that money should be made available only for production which is in harmony with demand that is able to pay for it, and in quantities justified by sales. However, it can be expected that the amount of payments the enterprises have failed to make, the so-called standing in line will continue to remain at those economic operating organizations which for quite some time have been unable to adjust their economic operations to the new requirements. The tense liquidation situation is forcing us to resolve the problems of economic operation and to improve the poor inventory management still seen in many places in spite of recent improvements.

Starting this year, part of their operating funds can be taken from those enterprises which conduct inadequate inventory management. The bank and the National Material and Price Control Office may jointly make such proposals for such measure, which then in turn is implemented by the Finance Ministry and the supervisory organ. The bank does not automatically replace with a loan the operating funds taken away. It excludes from loan eligibility inventories which have been on hand unnecessarily and for a long time, and lost their value. With the interest, expiration date, and other conditions of the loan we also wish to encourage achieving optimum inventory levels.

The amount the enterprises are dut to receive from abroad has increased recently by an extent significantly exceeding export sales. It is not necessary to separately emphasize what important interests attach to receiving the foreign currency value of exported products as soon as possible. We wish to promote this also with the tools of operating fund loans. At the same time, our loan policy helps the dynamic groth of economic export with a number of tools. Thus, in 1983 we will increase the size of interest rebate by 5 percent to enterprises with significant export.

Undertaking well organized construction projects well founded from the business viewpoint, and furnishing complete facilities implemented in the form of general contracting, has a constantly increasing role in export expansion. In the sharpening international competition the demand is also shifting increasingly in the direction of this type of contracts. This form of selling products and services--compared to individual sales--in addition to receiving more favorable prices, also makes it possible to export items which otherwise could not be sold on foreign markets, or sold only unprofitably. In general, complete facilities are accompanied by the export of intellectual products.

The bank supports the unquestionably higher capital requirement of general contracting by extending credit. The general contractors may receive loans for financing such products manufactured complete by them and delivered by subcontractors, the value of which they cannot yet collect from the foreign ordering party in accordance with the terms of the foreign trade contract. Thus, in practice the financial requirements of general contracting can largely be financed by taking out loans. The bank makes this loan with more favorable contractual specifications than the general conditions (expiration, lower interest rate). Those general contractors are favored which even temporarily do not worsen the country's foreign currency position.

Loan Conditions

The 1983 loan conditions are not changing significantly. The minor changes and additions are serving our general economic policy efforts, and are mainly providing guidance for practical application.

The loan and deposit interest rates in effect since 1 October 1982 are not being changed. Last year we increased the interest rate on loans. In essence the present interest level corresponds to the conditions influenced by circumstances abroad. In latter months the exceedingly high dollar interest level has moderated, but for the time being this does not yet justify decreasing the forint interest rates. The relatively high interest level weeds out the enterprise development projects, encourages more economical operating fund management, and the deposit interest rates adjusted to this encourage the economic operating organs to affect savings. In the future also we will examine the international interest rates, the costs our resources cost us, the development of domestic prices, and we will endeavor to implement interest rate changes justified also from the viewpoint of our economy's equilibrium. In order to implement an interest rate policy practice more flexible than before, starting this year the bank in its loan and deposit contracts will specify not a fixed interest rate but application of the interest rate in effect at any given time.

It will continue to remain an important requirement for extending investment loans that the enterprises should also use their own money for the development to as great an extent as possible. Even though a mandatory level of using own resources is not specified by the loan policy guidelines, nevertheless prior to beginning the investment depending also on the level of profitability own resources must be involved in the financing, or in exceptional cases may be continuously provided during the time of implementation. Thus, if the enterprise wants to take out a loan, it has to cut back on those of its investments planned solely from its own resources, and regroup its resources to developments to be implemented with the help of the loan. And if own recources are not available, it must postpone the development until they have own resources of their own in acceptable quantity are formed.

The criteria for qualifying low efficiency enterprises, and the principles and conditions of processes applying to them have been developed recently. It is particularly important to the bank that the enterprise receiving a loan conduct its economic operation as profitably as can be expected, and maintain its qualifications for the loan. Repayment of the loans when due can be endangered not only by unprofitable operation but also by a low efficiency. In accordance with the procedural order the bank will apply restrictions against such enterprises. We will, for example, consistently take advantage of the lawful opportunities provided by the attachment law to ensure bank loans.

The credit policy's sphere of validity extends not only over the enterprises and cooperatives but also over all those economic operating organizations the establishment and operation of which either within the framework of enterprises or cooperatives or outside of those, were made possible last year by statutes. These organizations may receive loans under the same conditions as enterprises.

New Tool: The Bond

The bank loan and the bank's deposit accumulating activity in the future will also remain an important tool for the financial activity for within house management. At the same time new regulations make it easier for capital to be transferred among enterprises, and its conditions better encourage the temporary or permanent transfer of available development funds. The bond is another new tool for promoting the regrouping of capital. In addition to the state the financial institutions, and also the enterprises may issue bonds. After a time the bond of financial institutions may become one form attracting and redistributing available capital, first of all for the banks to participate in undertakings.

The plan provides relatively restricted opportunities for granting investment loans this year. Within this framework the banking system must find the best goals and efforts. Presumably several loan requests will have to be rejected which under other circumstances would be satisfied. We will keep a record of these good development goals and should a new opportunity present itself to satisfy them, we will call upon the interested enterprises to resubmit their applications. The bank also endeavors for flexibility in its foreign relationships. Our membership in international financial institutions demands this just as much as does our activyt on the money markets, where appropriate forms and methods for taking out loans are necessary to take advantage of these opportunities.

8584
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POLAND

CANADIAN OFFICIAL DISCUSSES ECONOMIC COOPERATION

Warsaw RYNKI ZAGRANICZNE in Polish Nos 123-124 11, 14 Dec 82 p 8

[Interview with David Armour, trade adviser at the Canadian Embassy in Warsaw, by Lech Niekrasz: "We Want to Develop Trade;" date and place not given]

> [Text] The current state of Poland's trade and economic cooperation with nations abroad and its prospects as seen from our partners' side will be treated in a series on interviews conducted by RZ [RYNKI ZAGRANICZNE] with diplomatic representatives of countries which are of interest to us.

[Question] What do you think about the present state of Canadian-Polish economic relations?

[Answer] Well, the present state of Canadian-Polish economic relations is above all a question of the nature of payments. On our side we are fulfilling all the obligations we undertook earlier, which means we are selling wheat on credit conditions and also are implementing agreements concerning the construction of a cellulose and paper factory in Kwidzyn. Aside from these two situations, we are not exporting anything else to Poland, since the hard currency necessary to finance financing the purchase of our products is lacking.

Concerning Polish goods sent to Canada, I want to say that there are no barriers interfering with Polish exports. Poland can sell everything it wants to and has to offer in Canada. So exports from Poland to Canada are proceeding as usual, while exports from Canada to Poland are conditioned by your country's solution to the payment problem. This is in no way an attempt at criticism. Poland should do everything that is possible in the present situation.

[Question] To what extent does the economic crisis in Poland influence trade exchange between our countries?

[Answer] It is my belief that the crisis affects not so much your exports to Canada as the sale of our goods in Poland. Aside from wheat, as I already said, Canada is not exporting anything to the Polish market. Let us take, for example, figures concerning the present year: by October the total value of Canada's exports to Poland was 136.5 million dollars, of which 133 million represent the value of grain.

[Question] From the point of view of efforts directed at correcting the present situation, what areas of mutual cooperation seem to promise the greatest chances for development?

[Answer] I feel that the aviation industry represented on your side by the PEZETEL Foreign Trade Enterprise promises the greatest chances. We are already working together on new projects in this area, and I think that the potential possibilities are great. For example, the Canadian firm Pratt and Whitney is sending airplane engines to Poland which are mounted on Polish equipment sent to Canada. This is a typical example of industrial cooperation.

Another area of this cooperation could be Polish-Canadian construction firms active on Third World markets in such industrial sectors as building hydroelectric dams, bridges, and similar constructions.

[Question] On what principles is Canada's economic policy toward Poland based?

[Answer] We are trying to develop trade with Poland to the same degree that we develop trade exchange with every other country, but it seems to us that it is difficult to achieve these intentions until Poland solves its economic problems. At any rate, we want to sell and are ready to buy, but naturally on normal financial conditions.

[Question] Does the Canadian government share the position of other western countries in the matter of applying a policy of economic sanctions against Poland?

[Answer] In February of this year Canada joined other western governments in expressing a series of reservations concerning the political situation in Poland. However, we are continuing to sell wheat, and we did not raise barriers to hinder Polish exports to Canada.

[Question] Thank you for the interview.

9451
CSO: 2600/221

POLAND

ADDITIONAL INFORMATION FURNISHED ON FOREIGN TRADE RESULTS, PROSPECTS

Better Results Than Anticipated

Warsaw RZECZPOSPOLITA in Polish 23 Dec 82 p 5

> [Text] (From our own sources. C.) On December 22 1982 a conference devoted to the present form of foreign trade took place in the government press spokesman's office. Tadeusz Nestorowics, minister of Foreign Trade informed us about the anticipated completion of foreign trade accounts for this year. Export to the first payments area should reach the level of 440 billion zlotys, which marks an increase of 14.5 percent compared to the previous year. While the level of imports from this area is anticipated to reach 495 billion zlotys, which maintains last year's level. One must note here also that a high imbalance is maintained in trade exchange with the Soviet Union, and, that our total indebtedness in that respect will reach R4 billion. However, a slight surplus has been worked out in the exchange with the remaining socialist countries. This surplus permitted to reduce our indebtedness there from R200 million to R100 million.

As far as exports to the second payments area are concerned they will reach the level of 471 billion zlotys, which marks a 2.1 percent increase as compared to the last year. It represents a great success, considering our country's economic situation and market recession in the capitalist countries. However, imports from the second payments area will barely reach 361 billion zlotys, or 76.9 percent of last year's level. Import decrease resulted from the necessity to achieve a surplus in order to pay up at least in part for our credit obligations.

Total results of foreign trade in 1982 considerably exceeded our expectations. This was possible thanks to the considerably faster increase of exports over sales yield. Thus, for example, in November 1982 sales yield increased by 8.0 percent while exports went up by 33.4 percent compared to the same period last year. That means that our country has broadened its participation in the international distribution of labor.

According to Minister T. Nestorowicz one of the cause of realization of our foreign trade goals was the presently functioning export incentive system evident in foreign-exchange allowances, in the easing of the FAZ payments and in additional taxes. Organizational changes have played an essential role in this realization of our foreign trade goals. These changes took the form of permits to engage in foreign trade that have already been issued to over 100 individual production and service units (120 further such concessions are presently being processed). They also took the form of a reorganization of foreign trade enterprises into partnerships in which the production enterprises participate as shareholders.

In 1983 greater stress will be placed on the possibilities of placing our goods in the capitalist countries' markets. This year was the third succesive crisis year in our international trade. One may count on the continuation of this trend next year. This may present a serious hindrance in our exports. Thus, the situation calls for maximum readiness. It is not enough to produce goods, one must also be able to sell them at a profit.

In response to our correspondent's questions Minister T. Nestorowicz has informed us that the matter of changing the foreign-exchange course will be under consideration at the end of the first quarter of 1983. This constitutes a deliberate delay, for we must stop the excessive "import inflation."

Responding to a question by a journalist of RZECZPOSPOLITA the minister informed us about government policy plans in relationship to GATT (General Agreement on Tariffs and Trade). We shall strive to temporarily suspend our obligations towards GATT and to shift to the system of concessions in our customs tariffs. Some work has already begun to recognize our custom system. It has particularly concerned the increase in range of our customs tariff price-setting mechanisms. However, the work in this area is very complex and thus will most probably last about two years.

Trends, Economic Reform

Warsaw ZYCIE WARSZAWY in Polish 23 Dec 82 pp 1, 2

[Article: "Increase in Participation in Polish Trade by Socialist Countries, Positive Results in Foreign Trade."]

[Text] Our recent statements concerning the beginning of our economy's emergence from the 1982 crisis can be best illustrated by the results achieved in our foreign trade. Tadusz Nestorowicz, minister of foreign trade spoke on that subject on 22 December 1982 in the Government Press Office at his meeting with the press.

Already today we are able to state that the value of exports to socialist countries will be about 440 billion zlotys (14.5 percent above last year's results), and that value to the capitalist countries will be about 471 billion zlotys (an increase by 2.1 percent), and the value of imports from the capitalist countries will be 361 billion zlotys (a decrease of about 23 percent).

On the whole, our foreign trade achieved good results. In our exchange with socialist countries the best year results of 1980 have been surpassed. Our trade with the socialist countries achieved a negative balance of 55 billion zlotys in accordance with our projections, while in our exchange with capitalist countries a positive balance of 110 billion zlotys has been achieved.

Such a balance could be regarded with joy had it been achieved with a simultaneous considerably higher exchange ceiling, especially in western imports. Unfortunately, it has been achieved through a minimum increase in our exports and quite large decreases in our purchases from capitalist countries. We may say that the halt in our economy's indebtedness has a high price of insufficient raw goods, materials and spare parts being supplied to our manufacturing industry. As a result of this situation our manufacturing industry utilizes an average of about 80 percent of capacity (in some sectors this indicator being considerably lower).

Discussing foreign trade achievements, Minister T. Nestorowics indicated, among other things, the shift that took place in it. Participation of the socialist countries in our foreign trade exchange has increased considerably. Some exchange restructuring continues. Certain assortments of goods begin to disappear from our exports. For example, among these are the light industry and agri-consumer goods. These will serve as indicators in creating an industrial export model.

Considerable structural changes have also taken place in imports in which machinery and equipment purchases were reduced in favor of raw goods and production materials. Such a shift resulted from Poland's withholding of investment procedures. This situation cannot be maintained in the long run since it spells out technological and technical regression for our industry.

In 1982 considerable progress occurred in the introduction of economic reforms into our foreign trade. Over 100 producers received concessions to trade their products abroad, and 120 further applications for such concessions are now under consideration. This move ought to further increase exports and their profitability next year.

In the making is also the process of establishing cooperatives involving both foreign trade enterprises and producers as shareholders. This process familiarizes our industry with the problems of foreign trade and increases industry's interest in export results. All the systemic solutions that have been made in our foreign trade this year will continue to function. These are: concessions, foreign-exchange allowances, tax relief and export awards. Some systemic solutions, such as financial incentives for export, will even be strengthened.

Next year's plan anticipates further growth of exports, however the weight of difficulties is to be shifted from concerns about productivity increases to attention to locational possibilities for goods abroad. This shift is necessitated by continuing recession in the capitalist countries. Out of many indicators illustrating this pehenomenon only the following need to be mentioned. 1982 was the third year of weak results in global productivity.

Unemployment in the OECD (Organization for Economic Cooperation and Development) countries reached 30 million people while third world indebtedness (exclusive of the oil-producing nations) surpassed $600 billion. The yearly servicing costs for such large indebtedness are $120 billion. As a result of the above the import readiness of our capitalist world partners decreases.

A positive element in our estimates is the continuing comeback of Polish coal with regard to its customary markets. We are winning through our "geographic advantage" since the biggest receivers of Polish coal are the countries situated near Poland.

Thanks to our export increases we have restored partnership in our relationship with the socialist countries. Improved export results to the second payments area would permit an increase in our imports of raw materials and goods coming from this direction. Then one could speak of our economy's return to ful swing. (PAP)

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MINING MINISTER PROMISES IMPROVEMENTS, PLAN FULFILLMENT

Bucharest ROMANIA LIBERA in Romanian 7, 8 Dec 82

[Interview with Ioan Lazarescu, minister of mines, by M. Radian: "The Vitality of the Romanian Extractive Industry"; Parts I and II; date and place not specified]

[7 Dec 82 pp 1, Part I]

[Text] [Question] Recently, Comrade Minister, 3 years were completed since the holding of the 12th party congress. It was--everybody knows--a very complex period if we consider the economic crisis and the energy crisis and their influence on the economy of the developing countries. Under these conditions, how does the ministry's balance sheet, taken overall, for the first years of the current 5-year period look in relation to the tasks that were outlined in the congress's directives? We are referring particularly, of course, to the tasks regarding the furnishing of power-producing coal for the thermoelectric power stations and for the population and to those regarding the delivery of coking coal to metallurgy, as, in view of the crisis that is manifesting itself on the world market for mineral raw materials, the reader would be interested in knowing what has been achieved along the line of providing ferrous, nonferrous and metalliferous ores from domestic production.

[Answer] Taken overall, the balance sheet of the branch is undoubtedly a positive balance sheet, which reflects constant activity, often done under quite difficult conditions. The truth is that, engaged in the general effort of economic and social development of the country, the working people in the mining industry have responded with deeds to the mobilizing tasks outlined by the 12th party congress and to the appeals of Comrade Nicolae Ceausescu, secretary general of the Romanian Communist Party, addressed repeatedly to the miners. The basic idea that guided and is guiding us in our whole activity is that of making to as great an extent as possible our contribution to securing the country's energy independence, by extracting as big quantities of power-producing raw materials as possible, and of utilizing as efficiently as possible the whole range of useful mineral substances existing in our homeland's subsoil.

In the first 2 years of the current 5-year period, we have achieved a significant increase, from year to year, in the production of all mineral products, at annual rates lying between 4 and 11 percent. Thus, the production of lignite and brown coal has risen 4.5 million tons from 1980 to 1982, reaching over 31 million tons this year, with significant increases also being achieved in bituminous coal for coke and semicoke and in nonferrous metals and nonmetalliferous substances.

Despite these positive results, I must state that the preliminary figures for 1982 also show some lags in regard to the plan's provisions, but with the mention that the first 2 years of the 5-year period constitute in fact the period for creating better conditions for the ensuing years of the 5-year period, in which the production increases will be very high. An example that strikes me as graphic would be, for instance, the growth of the production of lignite and brown coal in 1985 by a factor of over 2.2 in comparison with the production that we will achieve this year. Let us recognize that the doubling of a branch's production in just 3 years is not a thing that anyone can venture. We will achieve it because the necessary conditions and, in particular, the supply of tools and equipment and of human forces are being created for us....

[Question] Because you spoke of equipment, please tell us what the volume of investments has been in these years and what facilities have been put into operation.

[Answer] The total volume of investments achieved in 1981 was 8.4 billion lei, and about 9.4 billion lei will be achieved in 1982--that is, about 1 billion more than in 1981. These figures demonstrate the concern of the higher party and state leadership for continually developing the extractive industry and the base of mineral and power-producing raw materials. Regarding the new facilities, new production capacities have been put into operation in this period, of which I would mention: for lignite, capacities of 1 million tons per year at the Tismana II quarry, 450,000 tons per year at Rovinari Est, 1 million tons per year at Jilt Sud, 600,000 tons per year at Amaradia-Tiriia and 400,000 tons per year at Pesteana; for bituminous coal, production capacities of 100,000 tons per year at Lupeni and 200,000 tons per year at Cimpu lui Neag; and, for ore, 2.7 million tons per year at Moldava Noua.

[Question] Tell us, please, about the main directions in which the ministry's efforts to fulfill the tasks that devolved upon it in this period have been oriented.

[Answer] The main directions of our efforts sprang from the very directives of the 12th congress and from the instructions and orientations that the leadership of our party and state and, personally, the secretary general of the party, Comrade Nicolae Ceausescu, are constantly giving us.

A first direction has been that of using better the technical equipment that we possess, both as regards the utilization of the available worktime and as regards the growth of the hourly outputs of the equipment and installations, where we have very big reserves, devoting special attention to the technological equipment in the quarries, especially the excavators.

Second, we have concentrated the forces that we possess in the building-assembly sector for making up lags and putting into operation new production capacities that would provide for the attainment of the very high production levels in the ensuing years of the 5-year period.

Finally, we have devoted greater attention to the work force needed in mining, as regards the recruitment, training and stabilization of it in the mining basins, including the creation of the proper social and cultural conditions both for covering the deficit that we have at present and for covering the continually growing need in ensuing years.

Of course, there are also other directions in which we have directed our efforts--namely, the improvement of the work technologies, better organization of labor and production, a better technical-material supply, the strengthening of labor discipline and so on.

/Question/ To what extent have you managed to attain the objectives set for you?

/Answer/ In all the directions of activity about which I told you, we can say that we have obtained results that are better from one period to another, although we still have much to do in order to raise the activity to the level to which we would like to get it. We have not yet managed to eliminate, totally, a number of difficulties with which we are confronted and deficiencies in our activity, such as the organization of production and labor, the proper maintenance and repair of equipment, the strengthening of the spirit of discipline in all organizational links, down to the work formations, the training and advanced training of personnel, the reduction of the personnel fluctuations to as narrow limits as possible and others. To which we must also add other deficiencies, connected with the poor quality of equipment, which causes accidental stoppages of the technological lines, the lack of spare parts and supplies and so on. Nevertheless, the better and better results that we are obtaining, the revolutionary spirit that prevails among the working people and the continual help that we are getting are a guarantee that our activity will register even bigger qualitative leaps later. I want to note in particular the fact that in this period a large number of dwellings, schools, commissaries, social groupings near the mining units, fuel stations and others have been built in the mining basins, with the new city of the Rovinari miners being one of the concentrated expressions of this effort to improve the living conditions of the miners.

/Question/ What are the branch's priority objectives for the period that follows, in view of both the 12th congress's directives and the tasks resulting from the plenums of the RCP Central Committee in this period? We are thinking, for instance, of the tasks that devolve upon you within the Program for Development of Coal Production in the 1982-1990 Period.

/Answer/ Like the other branches of the national economy, the extractive industry too has ahead a number of priority objectives that would lead to a better supply of raw materials for our country's industry and for the needs of the other economic branches and of the population.

Along this line of thinking, I would mention the objective of increasing the base of minineral raw materials, particularly for the power-producing products (lignite, coal and bituminous coal, and bituminous shale), both by improving the extraction yields in the existing deposits and especially by attracting into the production circuit new deposits and zones that are of interest for exploitation. I am referring particularly to the sub-Carpathian zones on the territory of the counties of Mehedinti, Gorj and Vilcea.

Thus, new quarries and mines for power-producing coal will be put into operation at Amaradia-Tiriia in Vilcea County, at Husnicioara and Livezile in Mehedinti County and at Cojmanesti and Jilt Nord in Gorj County, and a number of existing units will be developed (the Rovinari Est, Pesteana and Jilt quarries). Regarding the production of other useful mineral substances, the development of the production and preparation of copper-bearing ore (banatite) at Moldova Noua, the putting into operation of the deposit of copper at Rosia Poieni and sulfur in the Calimani Mountains, production increases in lead and zinc concentrates, in kaolin, limestone, quartz sand for foundries and so on are in view.

The improvement of the extraction and preparation technologies, the use of new methods of exploitation with high productivity depending on the geologic and mining conditions of the deposits, measures for reducing the consumption of electric power, pitwood and metal and, in general, measures for increasing the branch's economic efficiency are also among the ministry's priority objectives.

[Question] What information would you like to impart to the readers in connection with the 1983 plan?

[Answer] The 1983 plan for lignite and brown coal stipulates a level of 44 million tons, as compared with the 31 million tons that we will achieve this year. For bituminous coal, the stipulated level of production is 8.2 million, as compared with 7.5 million in 1982. Likewise, big increases will be achieved for nonferrous metals in concentrates and for kaolin, fire clay, limestone and salt.

[Question] Please permit me a question that has concerned me since you stated that by 1985 you will increase the production of power-producing coal by a factor of 2.2. Do conditions really exist for achieving such big increases in 3 years? Do conditions exist for increasing the production by 42 percent in a single year, 1983? We ask you this question, thinking of the difficulties in providing, unsatisfactorily, last year the supply of coal for the electric and thermal power stations. And not only last year but even this year....

[Answer] First, I will give you an answer regarding the causes of last year's deficiencies. Last winter, we handled with difficulty the need for power-producing coal in the thermoelectric power stations, due to the fact that the stocks of coal existing in the yards at the start of winter were far below the stipulated stocks, which meant that in winter, when the achievement of production, especially in the quarries, encounters some difficulties, the need of the thermoelectric power stations could not be met, especially in January and February. This situation--whose effects we are still feeling even now and will still feel for a period of time--was chiefly the consequence of neglecting, over many years, the work of exposure in the quarries and of opening and preparation underground.

However, the situation has begun to improve as a result of the change in the attitude toward the long-range problems and of the radical steps taken in this regard, especially as a result of the instructions given by comrade secretary general of the party on the occasion of the working visit made to the Valea Jiului mining basin on 2 September of this year and on the occasion of the conference with the management personnel in the field of projection and exploitation of coal on 15 September of this year, when all the possibilities were examined and the tasks that must be fulfilled were established, including the help that we need from other ministries and central bodies, so that in the 1983-1985 period we can fulfill and overfulfill the plan targets both for coal and for ore.

[Question] What measures are involved?

[Answer] The measures refer to: attracting new mining fields into the production circuit and creating new production capacities; supplying equipment and installations to the mining industry; providing better the technical-material supply; using more efficiently the technical equipment; solving the problem of the work force in mining; and others. I also have in mind a number of concerns with regard to improving the working and living conditions of the miners, strengthening the technological and labor discipline and order, and improving the organization and management of the activity in the production units.

And now I will given you an answer to the first part of your question. Certainly, the increases stipulated for 1983 are substantial and, at first sight, can appear unattainable. However, we assert that we will achieve them, and our optimism is based on a serious, deep analysis of the possibilities and of the means of achievement at each particular mine and quarry. We know what we have to do, we have set up concrete programs and plans, and now it is essential for us to apply them precisely and on the prescribed dates. Moreover, if we study the evolution of the exposure work last year, which, as I told you, was the main cause of the lag in coal production, we observe a very marked trend of elimination of this cause. Thus, while a volume of 38.5 million cubic meters of useless rock was removed in Oltenia in 1981, we will achieve 67 million cubic meters this year, which represents an increase of 74 percent. Just in September of this year, we fulfilled an exposure plan equivalent to one-fifth of the volume achieved in all of 1981.

The trend of growth in the equipment-use index is similar: a graphic example is offered by the index of rotor-excavator utilization, which rose to 55 percent this year, as compared with 47.6 percent in 1981. We are not satisfied with the level attained. We will achieve 60 and even 65 percent--that is, the maximum possible index under the conditions in our quarries.

(The interview is to be continued in the next issue.)

/8 Dec 82 pp 1, Part II]

> /Text/ In yesterday's issue of our newspaper, we published the first part of the interview with Comrade Ioan Lazarescu, minister of mines. In the following, the reader will find the continuation of the interview.

/Question/ What are you doing in order to provide without interruption and in the planned quantities the deliveries of coal this winter, when, as we know, the coalyards of the thermoelectric power stations are far from the prescribed level of reserves.

/Answer/ Indeed, we are behind with the prescribed stock at the customer. But I assert with certainty that the situation is better than it was last year, and this is because we have carried out a number of steps that allow us at present and will allow us in winter to cope with the requirements of the electric power stations. I have in mind, in particular, the steps for steadily achieving the current production and, just as important, the steps taken and achieved in the summer of this year, which permit a diversification of the possibilities of loading and transporting the coal in the yards that we created and thus greater flexibility in compensating for the possible difficulties in some quarries in winter.

So, for instance, the yard and the loading installation at Cocoreni were put into operation; the transportation distance from Berbesti to Popesti (Vilcea County) was shortened through the construction of the standard-gauge railroad that also eliminates partial automotive transportation; an unloading and loading station for railroad cars was put into operation at the yard in Rogojelu; parallel conveyor belts that will avoid the stoppage of the activity in the quarries in the case of accidental deficiencies were built; and so on.

/Question/ We recently obtained from the producers of electric power objections in connection with the calorific power of the coal furnished. What can we tell the readers in this regard?

/Answer/ That we are aware of these deficiencies, even if they are not as big as they say, and that, regarding the improvement of the quality of the coal, there is concern for intensifying the work that would lead to the growth of the current degree of qualitative knowledge of the coal reserves, by expanding the network of boreholes and systematically sampling the shafts, in order to be able to rationally and efficiently direct the working of them. Our concern is also directed toward improving the power-producing bituminous coal with which the Mintia and Paroseni power stations are supplied, along with providing the planned quantity (with importation being given up), there being in our yards at present a quantity of bituminous coal that exceeds the prescribed stock. At the same time, we have taken steps to improve the activity of drying up and draining the water in the deposit. Finally, measures that would provide for the strict application of the extraction technologies in mines and quarries for avoiding useless rock and other foreign bodies in the coal excavated are established. Moreover, it should be mentioned that there is a program regarding improvement in the quality of lignite that contains measures and actions for the 1982-1985 period, a program that is in full swing.

/Question/ What do you intend to do in order to raise the level of training of the personnel in the branch?

/Answer/ We propose a number of measures, of which I would mention in particular the revision and preparation of the school programs in conformity with the educational plans, with the aim being to introduce into the content of the plans the new technologies applied in the mining units. The new educational plans will include a greater number of hours in the disciplines with an electromechanical character, as well as an increase in the number of hours of practical training in production, for mastering better the disciplines connected with the specific character of mining activity. The advanced vocational training of the existing workers will involve, in particular, the mastering of the new technologies and the acquisition of knowledge and skills in electromechanical matters, so that the miner may become a miner with electromechanical training.

/Question/ What do you await concretely from the economic branches with which you collaborate?

/Answer/ As I told you at the start, our optimism regarding the achievement of the big increases stipulated in the plan is also based on the achievement of all the measures on the stipulated dates by all the factors that have concrete tasks in the programs approved by the higher leadership. I have in mind the ministries producing equipment and materials used in the extraction and treatment process. Thus, regarding the special tasks of development of production and the increased need for equipment for the mechanization of coal extraction, I must state that there are delays in the assimilation of equipment and materials, for which we await the proper help from the producing enterprises and the ministries that oversee them. Greater help is necessary from the Ministry of the Construction Industry for assimilating the complexes for working the very thin beds of bituminous coal and lignite and those of great height. From the MIMUEE /Ministry of the Machine-Tool Industry, Electrical Engineering and Electronics/ we await the more prompt assimilation of the electric pit lamp and of the electric equipment that does not ignite the gas in the mine. Likewise, we await from the Ministry of the Chemical Industry the assimilation on schedule of the flotation reagents and of the sealing elements and high-pressure hoses for hydraulic supports, a belt covering for high-capacity conveyors and the materials for vulcanizing the belts. Finally--and this is just to give a few more representative examples--it is necessary for the Ministry of the Metallurgical Industry to provide the class C and D mining chain for conveyors, the high-quality section for mine supports in galleries, and the steel for mine drills.

Finally, I would like to tell you that, in order to secure, in the future stages, the steady fulfillment of the production plan, we have analyzed with a full sense of responsibility all the possibilities and the steps that must be taken and the help that we need, and we have presented to the higher party and state leadership, for approval, a group of measures for providing a balanced energy balance in the ensuing years of the 5-year period. We are firmly determined to make every effort so that the approved measures may be applied without delay in order to supply to the electric and thermal power stations the coal needed for normal activities so that the needs of industry, agriculture and transportation for electric and thermal power and those of the population may be satisfied to a suitable extent.

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